

**Chairman Doug Ose**  
**Opening Statement**  
**“Problems Facing the Specialty Crop Industry”**  
**December 12, 2003**

Welcome to the beautiful and bountiful Salinas Valley. We are here today to examine problems facing the U.S. specialty crop industry.

Historically, U.S. agricultural policy has focused almost exclusively on program crops, such as wheat, corn, cotton, and rice. The result is that growers of program crops receive about \$20 billion annually through Federal price supports and other Federal assistance programs.

The agricultural industry and Federal policymakers remain divided on the appropriate Federal policy for the other sector of agriculture: specialty crops. Specialty crops, including fruits, nuts, vegetables, forage crops, flowers and wine grapes, contribute proportionately more annually to the agricultural sector than program crops: \$58.7 billion compared to \$47.9 billion. Specialty crops are grown without Federal price supports, and are marketed to foreign countries, including many of which provide price support programs for their own specialty crop industries. Moreover, specialty crops are often subjected to unfair international trade practices that limit market access, and effectively hinder genuine free trade.

U.S. specialty crop growers take pride in being considered the true “free traders” in today’s global markets. Yet, many are concerned with the failure of the Federal government to adequately ensure a level playing field for them in the face of increasing globalization. Japan, for example, is currently implementing a tariff on U.S. fresh vegetables of 64 percent. The U.S. has only a 5.9 percent tariff on fresh vegetables being imported from Japan and countries of the European Union (EU). Foreign domestic support is staggering for specialty crop growers in nations of the EU. Currently, there are annual EU price supports of over \$2 billion for tomato growers, \$1.9 billion for apple growers, and \$500 million for cucumber growers.

U.S. specialty crop growers’ ability to remain competitive is also being threatened domestically. One reason is that sanitary and phytosanitary standards for U.S. imports, issued by the Department of Agriculture’s Animal and Plant Health Inspection Service (APHIS), do not provide adequate protection for U.S. growers or the U.S. food supply. Additionally, imports of specialty crops into the U.S. have increased sharply over the last seven years, while market access globally continues to diminish as mature, foreign economies flood U.S. markets with cheaper, subsidized products.

In my district, and nearly every other agricultural district in the country, specialty crop operations – both large and small – are struggling to remain competitive in light of these new challenges. To address the problems facing the specialty crop industry, on October 30, 2003, I introduced, with Congressman Cal Dooley, H.R. 3242, “The Specialty Crop Competitiveness Act.” My bill is designed to address all areas of the industry, including both fresh and processed fruits, nuts, vegetables, floral, catfish, wine grapes, and many other sectors of the industry. It includes needed financial assistance and additional Federal focus on U.S. specialty crops.

Today, we will further examine the domestic and international trade policies and practices that reduce the U.S. specialty crop industry's ability to be competitive and viable in today's expanding global market. We will identify specific Federal and international policies that need to be reviewed and any Federal statutory or regulatory changes that could improve the competitiveness of the U.S. specialty crop industry.

I look forward to the testimony of our witnesses. They include: A.G. Kawamura, Secretary, California Department of Food and Agriculture; Joseph Zanger, President, California Farm Bureau Federation; Jim Bogart, President, Grower-Shipper Vegetable Association of Central California; John D'Arrigo, Chairman, Western Growers Association; Robert Nielsen, Vice President, Tanimura & Antle; and, California Asparagus Commission.